

808 KAR 1:150. Establishment and relocation of bank branches or offices.

RELATES TO: KRS 287.102, 287.180, 287.185

STATUTORY AUTHORITY: KRS 287.180(2), 287.185

NECESSITY, FUNCTION, AND CONFORMITY: KRS 287.180(2) and 287.185 authorize the Department of Financial Institutions to designate those banks that do not have to apply for approval of the commissioner for permission to establish a branch or to relocate its principal office or branch. KRS 287.102 authorizes a qualified state bank to engage in any banking activity in which the bank could engage in other states if the bank meets specified conditions. Other states permit statewide branching as part of their authorized banking activities. This administrative regulation establishes the criteria for a bank to meet in order to be designated as not having to obtain commissioner approval to establish a branch, or relocate a principal office or branch.

Section 1. Permitted Activities Without Commissioner Approval. Any bank that meets the criteria set forth in Section 2 of this administrative regulation and provides the notices required in Section 3 of this administrative regulation may do any of the following in any county of the state, whether or not already located in the county, without commissioner approval:

- (1) Establish a branch; or
- (2) Relocate its main office or branch office.

Section 2. Criteria to Act Without Commissioner Approval. The following criteria shall be satisfied before a bank may undertake the activities described in Section 1 of this administrative regulation without commissioner approval:

- (1) The bank shall have received its bank charter from the department at least three (3) years prior to undertaking the activities;
- (2) The bank shall be well-capitalized.
 - (a) As defined by the Federal Deposit Insurance Corporation, if the bank is a nonmember bank; or
 - (b) As defined by the Federal Reserve Board of Governors, if the bank is a member bank;
- (3) The bank shall have received a CAMEL composite rating of one (1) or two (2) on its most recent state or federal regulatory examination;
- (4) The bank shall have received a management rating of one (1) or two (2) on its most recent state or federal regulatory examination;

(5) The bank shall not be a party to any formal or informal enforcement action initiated by a state or federal regulatory agency; and

(6) The bank's activity shall not cause the bank to exceed the fixed asset limitation established in KRS 287.100.

Section 3. Required Notices. A bank that desires to engage in the activities described in Section 1 of this administrative regulation without commissioner approval shall submit the following notices:

(1) A notice shall be sent to the department within thirty (30) days after the bank's board of directors approves the activity, which notice shall provide as follows:

(a) The address of the new location where the bank intends to establish or relocate its new branch or office;

(b) The expected date the new branch or office shall open; and

(c) A statement by the bank that it satisfies the criteria set forth in Section 2 of this administrative regulation signed by an authorized officer or agent of the bank.

(2) A notice shall be sent to any state bank with its main office located in the county where the new branch or office will be located within thirty (30) days after the bank's board of directors approve the activity, which notice shall provide as follows:

(a) The address of the new location where the bank intends to establish or relocate its new branch or office; and

(b) The expected date the new branch or office shall open.

(3) A notice shall be sent to the department within thirty (30) days after the bank has opened its branch or office at the new location advising the department of the opening.

Section 4. Effect of Subsequent Noncompliance with Criteria. If, subsequent to the establishment or relocation of an office or branch without commissioner approval, the bank no longer meets the requirements established in Section 2 of this administrative regulation, the bank shall thereafter be required to obtain commissioner approval prior to establishing or relocating any additional offices or branches until the bank again meets the criteria. The establishment or relocation already completed by the bank shall not be rendered ineffective. (27 Ky.R. 260; Am. 769; eff. 9-11-2000.)